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Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Note by the Secretary-General

The Secretary-General has the honour to transmit for the consideration of the General Assembly his comments on the report of the Office of Internal Oversight Services on the audit of mission subsistence allowance policies and procedures (A/59/698).

Summary

The report of the Office of Internal Oversight Services (OIOS) provides the findings of a further audit conducted on the question of mission subsistence allowance rates in the largest peacekeeping missions. Having given consideration to the findings and recommendations of OIOS, the present note of the Secretary-General provides comments on those recommendations.

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I. Introduction

1. The report of the Office of Internal Oversight Services (OIOS) contains the findings of a further audit conducted on the question of mission subsistence allowance (MSA) rates in the largest peacekeeping missions. The audit objectives were to: assess the reasonableness of MSA rates in effect at the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), the United Nations Mission in Sierra Leone (UNAMSIL), the United Nations Observer Mission in Georgia (UNOMIG), the United Nations Mission in Ethiopia and Eritrea (UNMEE), the United Nations Interim Administration Mission in Kosovo (UNMIK) and the United Nations Mission of Support in East Timor (UNMISET); review how effectively previous recommendations were being implemented; and identify ways in which to resolve the differing views of OIOS, on the one hand, and those of the Office of Human Resources Management and the Department for Peacekeeping Operations on the other, regarding certain aspects of MSA. The review also assessed the monitoring capacity of the Office of Human Resources Management concerning the establishment and review of MSA rates and the establishment, monitoring and application of the allowance during the period since the last review in 2001.

II. Recommendations contained in the report of the Office of Internal Oversight Services

Recommendation 1

The Office of Human Resources Management and the Department of Peacekeeping Operations, assisted by independent experts, should conduct a review of the allowance structure for peacekeeping personnel, with particular reference to MSA.

2. The Secretary-General supports this recommendation as an integral part of his efforts to improve the conditions of life and work of staff serving in peacekeeping missions. It will also respond to the request made by the Special Committee on Peacekeeping Operations for "the Secretariat to ensure that the allowance structure is reviewed, taking into account the adverse conditions of life and work affecting United Nations peacekeeping operations, that a fair service package is developed, in an open and transparent manner and that timely information is given to Member States" (A/56/863, para. 146).

Recommendation 2

The review of MSA should cover the conditions of service for staff in peacekeeping missions. The objective of this review should be to establish a "conditions of service" component of MSA to reflect the difficult living conditions encountered in the various field missions, in addition to the component for the costs of food, accommodation and incidentals.

3. The Secretary-General accepts the recommendation for the reasons set out in paragraph 2 above.

Recommendation 3
The Office of Human Resources Management should perform a comparative analysis of MSA and DSA on a monthly basis. Differences between rates should trigger the adjustment of MSA rates in the concerned missions.

4. The Secretary-General notes that daily subsistence allowance (DSA) and MSA serve very different purposes. While DSA is designed to cover expenditures incurred during short-term official travel under normal circumstances, MSA is defined as the total contribution of the United Nations towards living expenses incurred in connection with a special mission assignment.

5. MSA rates are determined on the basis of the cost of long-term accommodation, food and miscellaneous expenses at the principal location of a mission area. As this allowance is the total contribution of the Organization towards living expenses incurred in connection with special mission assignment, in the case of staff appointed expressly for mission service, that is, nowadays, the vast majority of mission staff, MSA is paid in lieu of post adjustment, mobility and hardship allowance or assignment grant, and thus becomes part of the pay package, rather than merely being a subsistence allowance like DSA. While MSA rates are set by the Secretary-General and only for staff and personnel serving in United Nations peacekeeping missions, DSA rates are set by the International Civil Service Commission for travel of common system staff, including United Nations staff, on official business. DSA rates are also the basis for payments for travel and subsistence expenses on initial appointment, change of duty station and separation from service.

6. To set MSA rates, field surveys are conducted by compensation specialists of the Office of Human Resources Management. A detailed assessment is prepared on costs incurred by staff/personnel resulting from their assignment or appointment to a special mission. These costs typically include long-term accommodation, food and incidentals, such as telephone calls and initial purchases such as heaters, generators or other equipment. Attention is given to the commodities, goods, services and infrastructure that may be lacking in a locality, including indirect costs that may arise from non-existent, destroyed or interrupted utilities as well as other additional long-term costs that accrue based on the lack of essential facilities and commodities in the mission area, particularly in areas outside capital cities. As such, the incidental cost of MSA takes into account some elements that are not part of the incidental portion of DSA, which is a strict percentage calculation (15 per cent). Before a field mission is undertaken, or to update MSA rates, a comprehensive and detailed questionnaire is sent to the missions in order to capture all costs associated with mission service, whether prior to arrival at the mission or after departure from the mission.

7. Accordingly, the Secretary-General does not consider that there is justification for using an across-the-board set formula to determine MSA by reference to DSA. However, in response to recommendation 3, the Office of Human Resources Management, for monitoring purposes, is undertaking monthly comparisons of MSA and DSA rates in localities where there are special peacekeeping missions.

Recommendation 4

The Office of Human Resources Management should apply a consistent policy in promulgating revised MSA rates by making new rates effective from the first day of the month following issuance of its final MSA report.

8. The Office of Human Resources Management already implements such a policy to the extent possible.

Recommendation 5

The Office of Human Resources Management should develop or acquire specialized software that will facilitate the electronic distribution, completion and analysis of survey questionnaires.

9. The Secretary-General agrees that any technological advances that would enable the distribution and completion of the MSA questionnaire and the more timely analysis of the data collected would be beneficial. The Secretary-General notes, however, that the development or acquisition of such specialized software would be subject to the availability of resources.